

TRANSPORTATION ALTERNATIVES, INC.

FINANCIAL STATEMENTS

For the Short Year Ended March 31, 2015

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-2
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FINANCIAL STATEMENTS

Statement of financial position	3
Statement of activities and changes in net assets	4
Statement of cash flows	5
Notes to financial statements	6 - 13

SUPPLEMENTARY INFORMATION

Schedule of functional expenses	14
Schedule of program services expenses	15



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Managing Partner

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H. Mark Alexander, Jr., CPA
(1942-2012)

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(1964-2008)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Transportation Alternatives, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Transportation Alternatives, Inc. (a nonprofit organization) which comprise the statement of financial position as of March 31, 2015 and the related statements of activities and cash flows for the short year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Transportation Alternatives, Inc. as of March 31, 2015 and the changes in its net assets and cash flows for the short year then ended, in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses and program services expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mohn Allen, P.C.

September 14, 2015

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

ASSETS	
Cash and cash equivalents	\$ 714,264
Accounts receivable (Note 2)	58,314
Investments (Note 4)	254,049
Prepaid expenses	108,811
Deposits	25,792
Fixed assets, net of depreciation and amortization (Note 6)	64,808
TOTAL ASSETS	\$ 1,226,038
 LIABILITIES	
Accounts payable and accrued expenses	\$ 70,337
Deferred revenue (Note 2)	123,275
TOTAL LIABILITIES	193,612
 NET ASSETS	
Unrestricted net assets - board designated (Note 11)	400,000
Unrestricted net assets	267,605
Temporarily restricted net assets (Note 8)	364,821
TOTAL NET ASSETS	1,032,426
TOTAL LIABILITIES AND NET ASSETS	\$ 1,226,038

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE SHORT YEAR ENDED MARCH 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Contributions	\$ 80,687	\$ -	\$ 80,687
Membership	36,485	-	36,485
Grants	17,420	43,750	61,170
Program service fees	15,000	-	15,000
Sponsorship	750	-	750
Investment gain (loss)	2,646	-	2,646
Interest income	243	-	243
Other	4,374	-	4,374
Funds released from restriction	67,500	(67,500)	-
	<u>225,105</u>	<u>(23,750)</u>	<u>201,355</u>
EXPENSES			
Program services	611,946	-	611,946
Management	104,710	-	104,710
Fundraising	78,894	-	78,894
	<u>795,550</u>	<u>-</u>	<u>795,550</u>
TOTAL EXPENSES	<u>795,550</u>	<u>-</u>	<u>795,550</u>
CHANGE IN NET ASSETS	(570,445)	(23,750)	(594,195)
NET ASSETS AT BEGINNING OF YEAR	<u>1,238,050</u>	<u>388,571</u>	<u>1,626,621</u>
NET ASSETS AT END OF YEAR	<u>\$ 667,605</u>	<u>\$ 364,821</u>	<u>\$ 1,032,426</u>

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF CASH FLOWS
FOR THE SHORT YEAR ENDED MARCH 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (594,195)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	7,876
Unrealized gain on investments	(1,555)
(Increase) decrease in operating assets:	
Accounts receivable	466,755
Prepaid expenses	(57,669)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(23,209)
Deferred revenue	<u>123,275</u>
 NET CASH PROVIDED BY(USED BY) OPERATING ACTIVITIES	 (78,722)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(29,778)
Purchase of investments	<u>(252,494)</u>
 NET CASH USED BY INVESTING ACTIVITIES	 <u>(282,272)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
 NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	 <u>-</u>
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (360,994)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>1,075,258</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 714,264</u>

Supplemental cash flow information:

The Organization paid no interest and no income taxes for
Short Year Ended March 31, 2015.

TRANSPORTATION ALTERNATIVES, INC.
FINANCIAL STATEMENT FOOTNOTES
FOR THE SHORT YEAR ENDED MARCH 31, 2015

NOTE 1 – NATURE OF ORGANIZATION

Transportation Alternatives, Inc. (the “Organization”) was organized as a nonprofit corporation in New York in 1974 and operates out of its offices in New York City, New York. The Organization is supported primarily through membership, donor contributions and grants. The Organization was formed to promote the creation, development and implementation of all environmentally sound forms of transportation. These forms include bicycling, walking and mass transit.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of Transportation Alternatives, Inc. have been prepared on the accrual basis of accounting whereby, revenue is recognized when earned rather than when received, and expenses are recognized when the related liability is incurred rather than when paid.

Basis of Presentation - Financial statement presentation follows FASB Accounting Standards Codifications Topic 958 *Not-for-Profit Entities*. In accordance with the topic, Transportation Alternatives, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Transportation Alternatives, Inc had no permanently restricted net assets for the short year ended March 31, 2015. Temporarily restricted net assets total \$364,821 as of March 31, 2015 and are contributions received in 2013, 2014 and short year March 31, 2015 for use in year ended March 31, 2016 and for specific programs.

Cash and Cash Equivalents – For the purposes of the Statement of Cash Flows, the Organization considers all readily available money market assets to be cash equivalents.

Use of Estimates - Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Promises to Give – Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value, if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Fixed Assets and Depreciation – Furniture and equipment are recorded at cost. Fixed assets are being depreciated over estimated useful lives using the straight-line method of depreciation. It is the Organization’s practice to capitalize assets costing \$1,000 or more.

TRANSPORTATION ALTERNATIVES, INC.
FINANCIAL STATEMENT FOOTNOTES
FOR THE SHORT YEAR ENDED MARCH 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables - Accounts receivables are reported at their outstanding balances. Accounts receivables considered uncollectible by management have been written off as bad debts.

Accounts receivable consisted of the following as of March 31, 2015:

Pledges receivable	\$ 12,214
Grants receivable	20,700
Other accounts receivable	<u>25,400</u>
Total accounts receivable	<u>\$ 58,314</u>

Functional Expenses – Indirect functional expenses have been allocated between Program Services, Management and Fundraising based on personnel time spent for each activity. Direct expenses are respectively recorded by function.

Concentration of Credit Risk

The Organization maintains cash deposits with various banks. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. The Organization had bank deposits at two institutions that exceeded the FDIC insurance level by \$229,162 at March 31, 2015. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

Advertising Costs - Advertising costs are expensed as they are incurred.

Investments

At times, Transportation Alternatives, Inc. receives contributions of marketable securities. These contributions are reported at fair market value at the time they are received. The Organization's policy is normally to sell all stocks and bonds when received. During the short year ended March 31, 2015, the Organization purchased mutual fund investments. The Organization maintained these mutual funds as investments as of March 31, 2015 (See Notes 3 and 4)

Income Taxes

Transportation Alternatives, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not considered to be a private foundation within the meaning of Section 509(a) of the Code. Contributions to Transportation Alternatives, Inc. are tax deductible to donors under Section 170 of the Internal Revenue Code. Transportation Alternatives, Inc. is required to report unrelated business income to the IRS and the New York State taxing authority. The Organization did not have any unrelated business income for the short year ended March 31, 2015.

TRANSPORTATION ALTERNATIVES, INC.
FINANCIAL STATEMENT FOOTNOTES
FOR THE SHORT YEAR ENDED MARCH 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Transportation Alternatives, Inc. has adopted the accounting of uncertainty in income taxes as required by the Income Taxes topic (Topic 740) of the FASB Accounting Standards Codification. Topic 740 requires Transportation Alternatives, Inc. to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is more than fifty percent likely of being realized upon ultimate settlement, which could result in Transportation Alternatives, Inc. recording a tax liability that would reduce Transportation Alternatives, Inc.'s net assets.

Management has analyzed Transportation Alternatives, Inc.'s tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years (2012-2014), or expected to be taken in its short year ended March 31, 2015 tax return. Transportation Alternatives, Inc. is not aware of any tax positions for which it believes that there is a reasonable possibility that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

Deferred Revenue

Revenue received and unearned as of the short year ended March 31, 2015 totaled \$123,275. This revenue is for programs and events to be held during the year ended March 31, 2016 and will be recognized as revenue in the year ended March 31, 2016.

NOTE 3 – FAIR VALUE MEASUREMENTS

In accordance with Fair Value Measurement and Disclosures topic (Topic 820) of the FASB Accounting Standards codification, Transportation Alternatives, Inc. has categorized its financial instruments, based on the priority of the inputs to the valuations technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation technique as follows:

Level 1 – These are instruments where values are based on unadjusted quoted prices for an identical asset in an active market the Organization has the ability to access.

TRANSPORTATION ALTERNATIVES, INC.
 FINANCIAL STATEMENT FOOTNOTES
 FOR THE SHORT YEAR ENDED MARCH 31, 2015

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 – These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments.

Level 3 – These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect certain assumptions by management about the assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

Financial assets recorded on the Statement of Financial Position are categorized based on the inputs to the valuation technique as follows for the short year ended March 31, 2015:

Asset Category -	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments				
Mutual Funds	\$ 254,049	\$ -	\$ -	\$ 254,049
Total Investments	<u>\$ 254,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254,049</u>

TRANSPORTATION ALTERNATIVES, INC.
 FINANCIAL STATEMENT FOOTNOTES
 FOR THE SHORT YEAR ENDED MARCH 31, 2015

NOTE 4 - INVESTMENTS

Investments are carried at quoted market value of securities. Investments are composed of the following as of March 31, 2015:

INVESTMENTS	
Mutual funds	\$ 254,049
RETURN ON INVESTMENTS	
Total market value of investments	\$ 254,049
Cost of investments	<u>(252,494)</u>
Unrealized (loss) gain, end of year	1,555
Unrealized (gain) loss, beginning of year	<u>(23)</u>
Unrealized gain, current year	1,578
Realized gain (loss)	<u>-</u>
Total net (loss) gain	1,578
Dividends	<u>1,068</u>
TOTAL RETURN/(LOSS) ON INVESTMENTS	<u><u>\$ 2,646</u></u>

NOTE 5 – CONTRIBUTED SERVICES

The value of contributed services is not reflected in the accompanying financial statements since there are no objective basis available by which to measure the value of such services. Nevertheless, volunteers have donated significant amounts of their time to various Organization programs.

NOTE 6 – FIXED ASSETS

Fixed assets and accumulated depreciation consist of the following as March 31, 2015:

Furniture and equipment	\$ 150,931
Leasehold improvements	<u>16,568</u>
	167,499
Accumulated depreciation and amortization	<u>(102,691)</u>
	<u><u>\$ 64,808</u></u>

TRANSPORTATION ALTERNATIVES, INC.
FINANCIAL STATEMENT FOOTNOTES
FOR THE SHORT YEAR ENDED MARCH 31, 2015

NOTE 7 – ALLOCATION OF JOINT COSTS

There were no joint costs of information during short year ended March 31, 2015.

NOTE 8 – RESTRICTED NET ASSETS

Restricted contributions whose restrictions are met in the same reporting period are shown as unrestricted contributions. The Organization held no permanently restricted net assets as of March 31, 2015. Temporarily restricted revenue was received in short year ended March 31, 2015 for the following purposes:

Restricted for time	<u>\$ 43,750</u>
Total temporarily restricted revenue	<u><u>\$ 43,750</u></u>

Temporarily restricted net assets at March 31, 2015 total \$364,821 and are restricted for the following purposes:

Advocacy	\$ 40,152
Restricted for time	231,250
Relocation expenses	<u>93,419</u>
Total temporarily restricted net assets	<u><u>\$ 364,821</u></u>

NOTE 9 – FAIR VALUE

The carrying amounts reflected in the balance sheets for cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and deferred revenue are of a short term nature, and their recorded values approximate their respective fair values.

NOTE 10 – COMMITMENTS

In February of 2002, the Organization entered into an operating lease for its existing office space. The lease agreement was amended in May, 2005, to extend the lease for ten years, through July, 2015, and provide a new location. The lease agreement was extended June, 2014 through July, 2017. In June, 2015, the expiration date of the lease was amended to September 30, 2015. The current gross rent payment under the amended agreement is \$10,266 per month, with an annual escalation of 3%. The Organization also leases additional storage units for \$800 per month.

TRANSPORTATION ALTERNATIVES, INC.
 FINANCIAL STATEMENT FOOTNOTES
 FOR THE SHORT YEAR ENDED MARCH 31, 2015

NOTE 10 – COMMITMENTS (CONTINUED)

The Organization is responsible for its own share of utilities that are billed separate from rent. The Organization’s share of minimum future lease payments on its existing office space is as follows:

Fiscal Year Ended March 31	
2016	\$ 70,257
Total future lease payments	<u>\$ 70,257</u>

Rent expense was \$33,199 for the short year ended March 31, 2015.

In June of 2015, the Organization entered into an operating lease for its new office space. The lease agreement commences on September 1, 2015 and terminates on August 31, 2025. The monthly rent payment for the first twelve months of the lease is \$20,167, with an annual escalation of 2.75%. The first month’s rent will be abated.

The Organization is responsible for its own share of utilities that are billed separate from rent. The Organization’s share of minimum future lease payments on its new office space is as follows:

Fiscal Year Ended March 31	
2016	\$ 110,918
2017	245,886
2018	252,648
2019	259,595
2020	266,734
2021 and thereafter	<u>1,576,538</u>
Total future lease payments	<u>\$ 2,712,319</u>

NOTE 11 – BOARD DESIGNATED FUNDS

The Board has designated \$400,000 to be set aside as a minimum reserve for financial stability.

TRANSPORTATION ALTERNATIVES, INC.
FINANCIAL STATEMENT FOOTNOTES
FOR THE SHORT YEAR ENDED MARCH 31, 2015

NOTE 12 – CHANGE IN YEAR END

During the year ended December 31, 2014, Transportation Alternatives, Inc. requested and received from the Internal Revenue Service a change in year-end from December 31 to March 31.

These financial statements represent the short year ended March 31, 2015 for Transportation Alternatives, Inc.

Transportation Alternatives, Inc.'s first full year under the new year-end will be the year ended March 31, 2016.

NOTE 13 – LINE OF CREDIT

Transportation Alternatives, Inc. has a \$250,000 line of credit with a local bank. Transportation Alternatives, Inc. has not drawn on this line of credit as of March 31, 2015.

NOTE 14 – SUBSEQUENT EVENTS

As required by the Subsequent Events topic (Topic 855) of the FASB Accounting Standards Codification, Transportation Alternatives, Inc has evaluated the impact of its financial statements and disclosures of certain transactions occurring subsequent to its short year-end March 31, 2015 through September 14 2015, which is the date Transportation Alternatives, Inc.'s financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

SUPPLEMENTARY INFORMATION

TRANSPORTATION ALTERNATIVES, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR SHORT YEAR ENDED MARCH 31, 2015

See independent auditor's report

	<u>Program Services</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 404,497	\$ 63,575	\$ 52,234	\$ 520,306
Payroll taxes	41,291	6,490	5,332	53,113
Employee benefits	<u>28,963</u>	<u>4,552</u>	<u>3,740</u>	<u>37,255</u>
Total salaries and related expenses	474,751	74,617	61,306	610,674
Accounting	-	10,296	-	10,296
Advertising, promotion and printing	18,479	745	914	20,138
Special event expenses	958	-	4,775	5,733
Conferences, meetings and travel	7,551	150	531	8,232
Consultant/Fee for service	20,677	525	981	22,183
Depreciation	6,123	962	791	7,876
Information technology	23,792	3,739	3,072	30,603
Insurance	-	2,898	-	2,898
Occupancy expense	35,255	5,330	4,380	44,965
Office expenses	14,529	4,642	1,482	20,653
Other operating expenses	<u>9,831</u>	<u>806</u>	<u>662</u>	<u>11,299</u>
TOTAL EXPENSES	<u>\$ 611,946</u>	<u>\$ 104,710</u>	<u>\$ 78,894</u>	<u>\$ 795,550</u>

TRANSPORTATION ALTERNATIVES, INC.
SCHEDULE OF PROGRAM SERVICES EXPENSES
FOR SHORT YEAR ENDED MARCH 31, 2015

Advocacy	\$ 431,991
Membership	87,997
Outreach Tours and Events	<u>91,958</u>
Total Program Services Expenses	<u>\$ 611,946</u>